



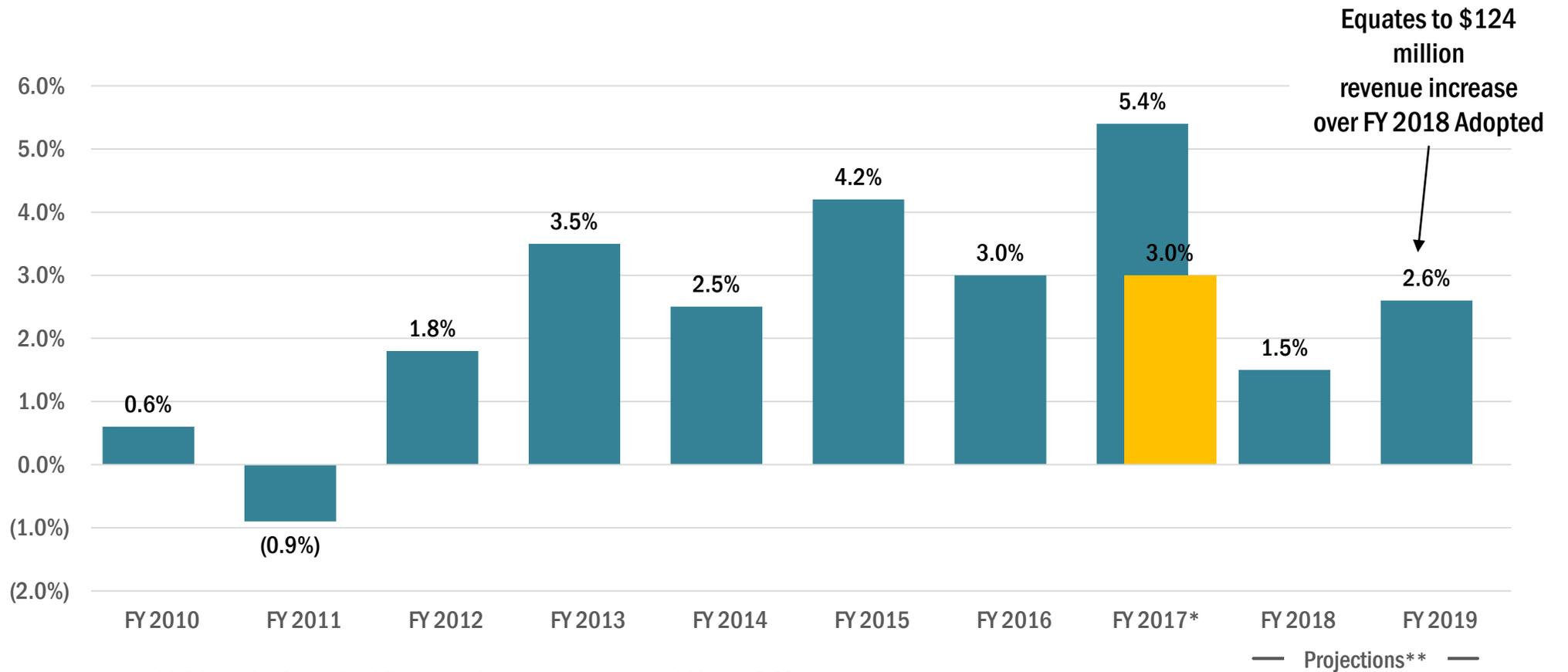
# Mount Vernon's 31<sup>st</sup> Annual Town Meeting

FY 2019 Financial Forecast

February 3, 2018



# Annual Change in General Fund Revenue FY 2010 – FY 2019



\* Without the 4 cent Real Estate tax increase, revenue would be up 3.0%

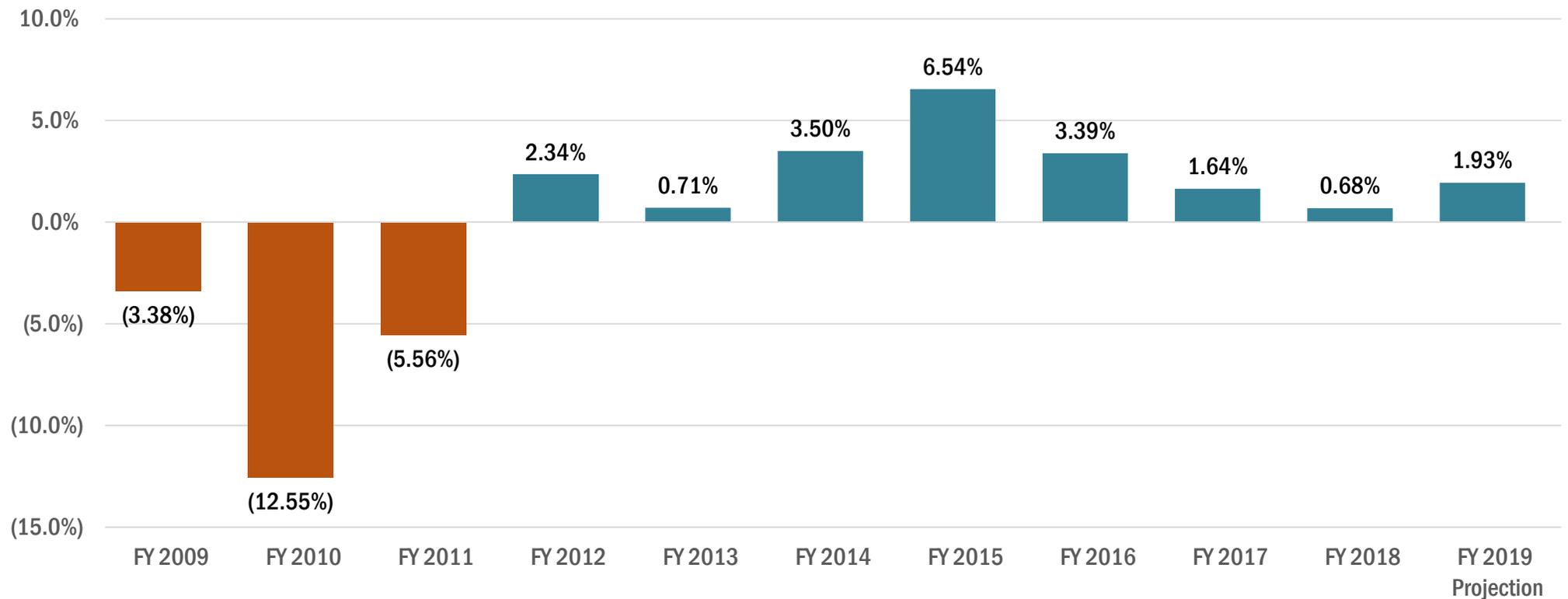
\*\*Projections as of November 2017

# Real Estate Projections - Multi-Year Versus November Estimates

- Compared to the forecast included in the multi-year budget, the November Real Estate revenue estimate is up **\$34 million**

Changes in Assessments	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Multi-Year Estimate in FY 2018 Adopted Budget	FY 2019 Estimate as of Nov. 2017
Residential	3.39%	1.64%	0.68%	1.00%	1.93%
Nonresidential	(0.60%)	2.87%	1.85%	1.00%	3.20%
New Construction	1.06%	1.04%	0.92%	0.90%	0.91%
<b>Total Real Estate base</b>	<b>3.46%</b>	<b>2.98%</b>	<b>1.89%</b>	<b>1.90%</b>	<b>3.17%</b>

# Annual Changes in Residential Equalization



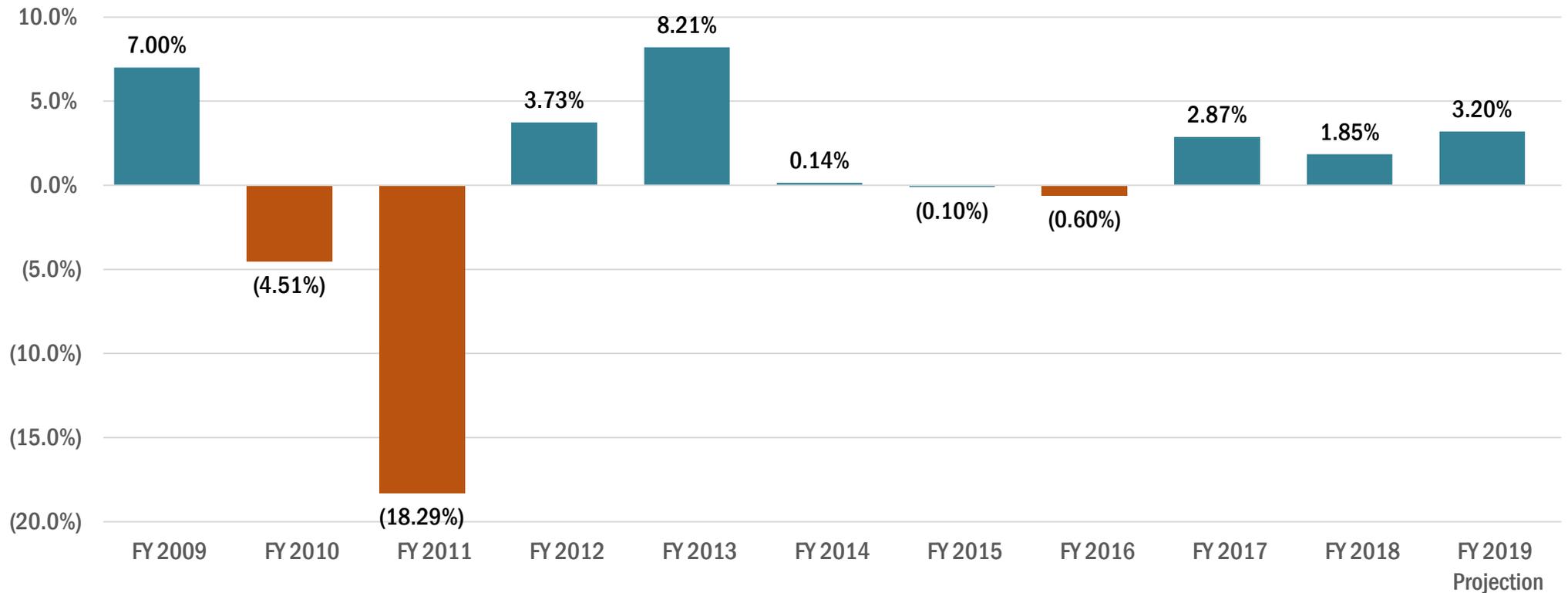


# Fairfax County's Housing Market

**Residential Values are projected  
to increase 1.9% in FY 2019**

- Home prices in Fairfax County are up 3.4% through October
- Year-to-date through October, the number of home sales has increased 2.8%
- Average number of days to sell a home is 45 days in October 2017 compared to 53 days last October
- Supply of homes for sale on the market is down 12.0% in October

# Annual Changes in Nonresidential Equalization



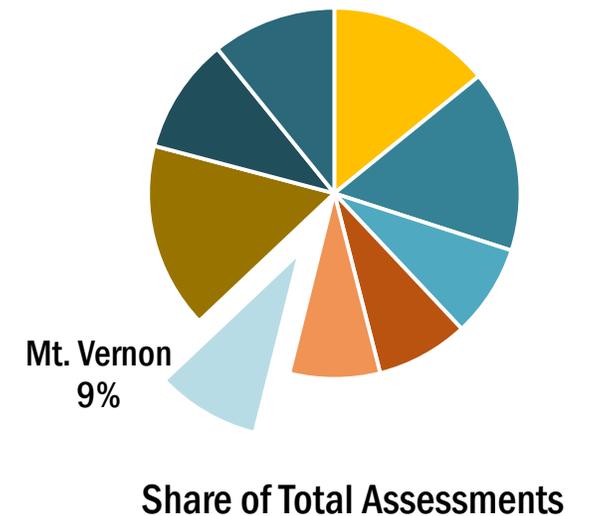
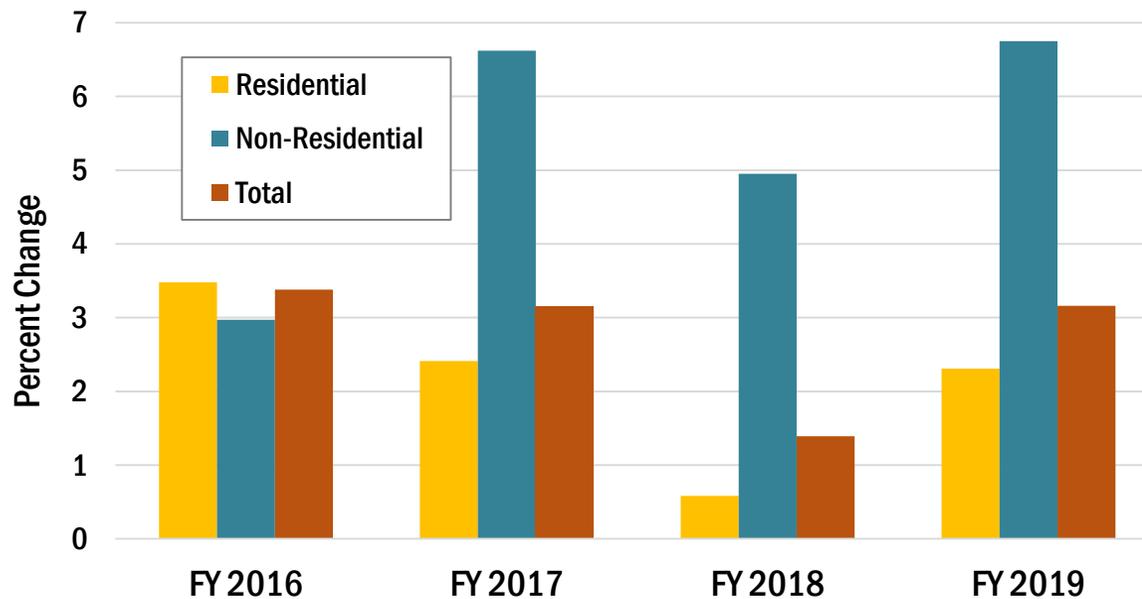
# Nonresidential Real Estate

**Nonresidential Values are projected  
to increase 3.20% in FY 2019**

- Office vacancy rates remain at historically elevated levels, but are on a downward trend
  - As of mid-year 2017:
    - Direct office vacancy rate is 15.4% - the lowest since 2014
    - Overall vacancy rate (with sublets) is 16.2% - the lowest since 2012
  - At the current pace of space absorption, 2017 leasing activity could surpass the 10-year annual average
    - Tysons, Dulles, and Reston submarkets lead in leasing activity
  - Fairfax County was the 17th most active office construction market in the nation at mid-year 2017 with 9 buildings totaling 3.1 million s.f. under construction
  - Fairfax County is on pace to have the highest volume of office building sales in the past 10 years

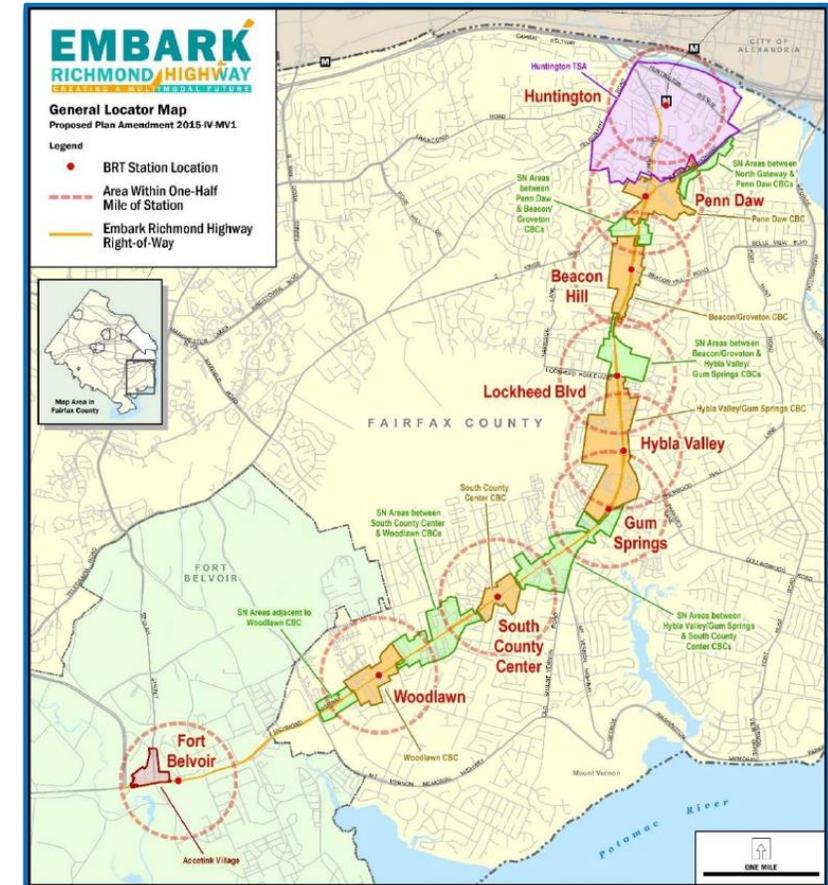
# Mount Vernon Real Estate Assessment Changes

	FY 2016 (TY 2015)	FY 2017 (TY 2016)	FY 2018 (TY 2017)	FY 2019 (TY 2018)	FY 2015 to FY 2019
Residential (80.1%)	3.48%	2.41%	0.58%	2.31%	9.03%
Nonresidential (19.9%)	2.97%	6.62%	4.95%	6.75%	23.00%
Total	3.38%	3.16%	1.39%	3.16%	11.55%



# Embark Richmond Highway

- Response to Route 1 Alternatives Analysis
- Comprehensive Plan amendment
  - Corridor-wide goals and objectives
  - Multimodal Improvements
    - Bus Rapid Transit and future Metrorail
    - 6-lane roadway with pedestrian, bicycle facilities
  - Land use within station areas
  - Urban design and other guidance
- Extensive outreach and communication
  - Advisory group and greater community



# State and Local Revenue Picture

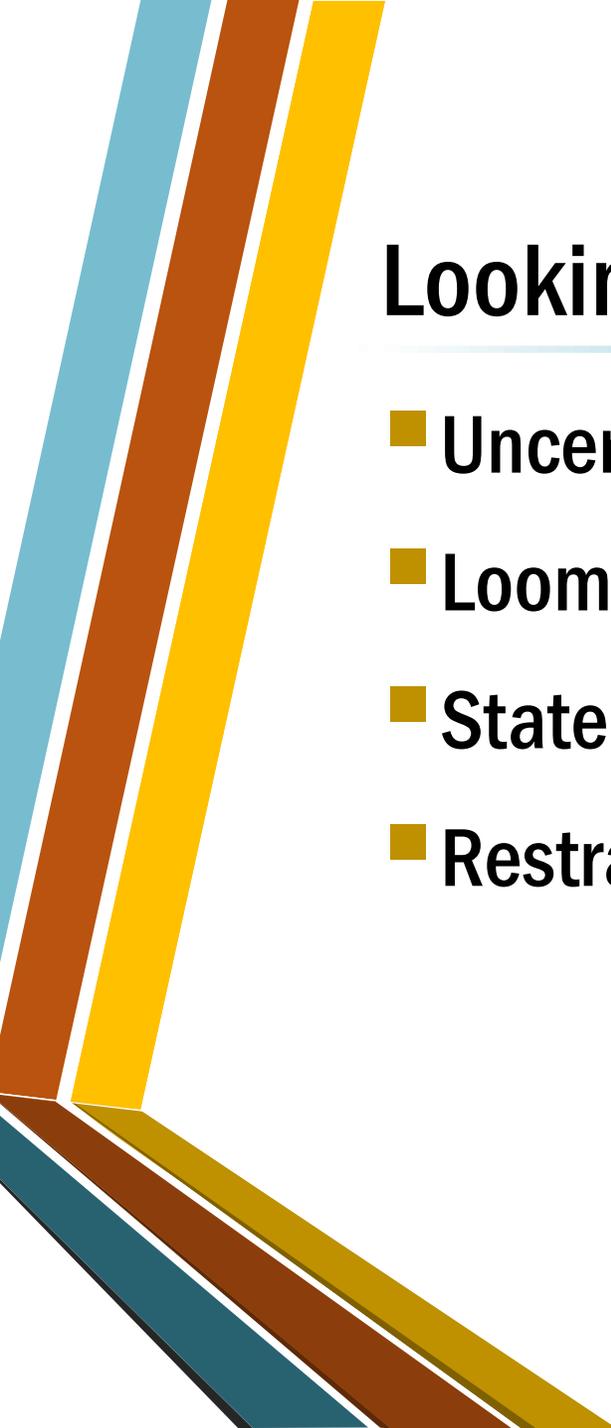
- State revenue in FY 2017 was higher than forecasted
  - However, sales tax growth was lower than projected
  - According to the state, sales tax growth in Virginia is among the worst in the nation – fell 25% between 2000 and 2016 in real terms
  - Economy has shifted from manufacturing to service-based and Virginia taxes fewer services than many other states
- According to the state, resources should be adequate to cover major budget drivers in FY 2019-FY 2020 biennium budget – but not much left for other items
- In Fairfax County, continued modest growth during FY 2017 in two revenue sources that are a good indicator of economic activity:
  - Sales tax was down 1.2% primarily due to a significant refund; adjusted growth was 1.5%
  - BPOL tax – growth of only 1.2%

# Projected Available Resources

- **County revenue growth projected at 2.6% generates \$123.90 million**
  - **To maintain equal growth for both the Schools and County (2.95%), the revenue is allocated as follows for disbursement requirements:**
    - **Schools: \$64.02 million**
    - **County: \$57.03 million**
    - **Reserves: \$2.85 million**
- **In addition, Schools projects increase in revenue of \$20.30 million**
- **Combined revenue growth will not cover disbursement needs for either the Schools or the County**

# Forecast Summary

COUNTY	Funding in \$millions	SCHOOLS
\$57.03	Available County Revenue (\$121 million after reserves)	\$64.02
--	Net Schools Revenue	\$20.30
<b>\$57.03</b>	<b>TOTAL AVAILABLE</b>	<b>\$84.32</b>
(\$50.50)	Employee Pay	(\$92.60)
(\$7.50)	Employee Benefits	(\$7.00)
(\$13.56)	Debt/Capital Requirements	(\$5.35)
(\$3.09)	County: Prior Commitments	--
(\$8.93)	County: Public Safety	--
(\$4.85)	County: Human Services	--
(\$8.92)	County: Cost of Operations	--
(\$10.12)	County: Transportation	--
--	Schools: Enrollment & Other	(\$18.20)
(\$5.47)	Net Additional Reserves	(\$4.11)
<b>(\$112.94)</b>	<b>NET USES</b>	<b>(\$127.26)</b>
<b>(\$55.91)</b>	<b>Net Balance</b>	<b>(\$42.94)</b>



# Looking Ahead: More Uncertainty

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- **Uncertainty about U.S. fiscal policy and tax reform efforts**
- **Looming sequestration cuts**
- **State budget**
- **Restrained revenue growth for the foreseeable future**

# FY 2019 Budget Timeline

County Dates		Schools Dates
	Superintendent releases FY 2019 Proposed Budget	January 11, 2018
	School Board holds public hearings on budget	January 29-31, 2018
	School Board adopts FY 2019 Advertised Budget	February 8, 2018
February 20, 2018	County Executive presents FY 2019 Advertised Budget	
March 6, 2018	Board of Supervisors advertises FY 2019 tax rates	
April 10-12, 2018	Board of Supervisors holds public hearings on FY 2019 Budget	
April 24, 2018	Board of Supervisors marks-up FY 2019 Budget	
May 1, 2018	Board of Supervisors adopts FY 2019 Adopted Budget	
	School Board holds public hearings on budget	May 15-16, 2018
	School Board adopts FY 2019 Approved Budget	May 24, 2018
July 1, 2018	FY 2019 Budget Year begins	July 1, 2018

For additional information on the County's budget, visit [www.fairfaxcounty.gov/budget/](http://www.fairfaxcounty.gov/budget/).